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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/735,207	12/12/2003	Krishna Kishore Yellepeddy	AUS920010442US2	1768

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IBM CORPORATION  
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EXAMINER
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BORISSOV, IGOR N

ART UNIT	PAPER NUMBER
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3628

MAIL DATE	DELIVERY MODE
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01/15/2009

PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 10/735,207	<b>Applicant(s)</b> YELLEPEDDY ET AL.	
	<b>Examiner</b> Igor N. Borissov	<b>Art Unit</b> 3628	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 12 December 2008.
- 2a) ☐ This action is **FINAL**.                      2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 8,10-12,15,16,24,26,29 and 30 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 8,10-12,15,16,24,26,29 and 30 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                     | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____                                      |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)          | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____  | 6) <input type="checkbox"/> Other: _____                          |

## **DETAILED ACTION**

### ***Continued Examination Under 37 CFR 1.114***

A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 12/12/2008 has been entered.

### ***Response to Amendment***

Amendment received on 12/12/2008 is acknowledged and entered. Claims 1-7, 9, 13, 14, 17-23, 25, 27, 28, 31-37 have been canceled. Claims 8,10,11, 24 have been amended. Claims 8, 10-12, 15, 16, 24, 26, 29 and 30 are currently pending in the application.

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 8, 10-12, 15, 16 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claims 8, 10-12, 15, 16 are directed to a series of steps. In order for a series of steps to be considered a proper process under § 101, a claimed process should either: (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials). *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972). Thus, to qualify as patent eligible, these processes should positively recite the other statutory class to which it is tied (e.g., by identifying the

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apparatus which accomplishes the method steps), or positively recite the subject matter that is being transformed (e.g., by identifying the product or material that is changed to a different state). Claims 8, 10-12, 15, 16 identify neither the apparatus performing the recited steps nor any transformation of underlying materials. The step of "providing energy at the end-user facility" could be understood as merely having an agreement for supplying energy. Accordingly, Claims 8, 10-12, 15, 16 are directed to non-statutory subject matter.

### ***Claim Rejections - 35 USC § 112***

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

Claims 8, 10-12, 15, 16 are rejected under 35 USC 112, first paragraph because current case law (and accordingly, the MPEP) require such a rejection if a 101 rejection is given because when Applicant has not in fact disclosed the practical application for the invention, as a matter of law there is no way Applicant could have disclosed *how* to practice the *undisclosed* practical application. MPEP states:

"The how to use prong of section 112 **incorporates as a matter of law** the requirement of 35 U.S.C. 101 that the specification disclose as a matter of fact a practical utility for the invention .... If the application fails as a matter of fact to satisfy 35 U.S.C. § 101, then the application **also fails as a matter of law** to enable one of ordinary skill in the art to use the invention under 35 U.S.C. § 112."); In re Kirk, 376 F.2d 936, 942, 153 USPQ 48, 53 (CCPA 1967) ("Necessarily, compliance with § 112 requires a description of how to use presently useful inventions, **otherwise an applicant would anomalously be required to teach how to use a useless** invention."

See, MPEP 2107.01(IV), quoting In re Kirk (emphasis added).

Therefore, claims 8, 10-12, 15, 16 are rejected on this basis.

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

**Claims 8, 10, 11, 15, 16, 24, 26, 29 and 30 are rejected under 35 U.S.C. 103(a) as being unpatentable over Papalia et al. (US 6,255,805) in view of Neirlich et al. (US 6,519,509).**

Papalia et al. (Papalia) teaches a computer-implemented method and computer-readable medium having computer-readable instructions for implementing said method for optimizing energy usage at an end user site comprising:

*Independent Claims*

Claims 8 and 24,

determining a cost for generating energy at the end user site (C. 2, L. 46-48);

determining the cost of purchasing energy from another energy supplier (C. 2, L. 46-50);

establishing a set of end-user energy policies for generating and using energy at the end-user site (C. 1, L. 66 - C. 2, L. 2; C. 2, L. 51-54);

generating a set of energy supply alternatives for the end-user site based on the energy user requirements and the cost of the energy alternatives (C. 2, L. 32 – C. 3, L. 20) by

determining which alternative energy suppliers have energy available at the time of a particular application at the end-user site (C. 2, L. 46-48);

calculating for each alternative energy supplier the amount of available energy and the cost of that energy at that alternative supplier (for the grid) (C. 2, L. 46-48);

selecting an energy supplier for the particular end-user application, the selected energy supplier being an alternative energy supplier from the generated set of energy

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alternatives (electricity or fuel for generators), said selection being based on said established end-user energy policies (selecting power from the grid) (C. 2, L. 46-48);

providing energy at the end-user facility, and using said provided energy by the end-user for the particular end-user application (an air conditioner) (C. 2, L. 46-48; C. 4, L. 63);

selling any excess energy generated by the end-user site to other energy suppliers by making said information about available energy available to potential energy purchasers thereby indicating "consummating" step (C. 2, L. 32 – C. 3, L. 20).

While Papalia teaches said method for buying or selling energy for the end-user, Papalia does not explicitly teach that said alternative energy sources include another end-user. However, participating an end-user in energy trading is a key factor in the success of Papalia' method. As discussed by Papalia, the end-user participates in buying from and selling energy to other alternative energy sources. This practice is well known in the business community and would follow in that it is not only one end-user participates in the method, but a plurality of end-users, which, is only way to make Papalia's method and system feasible. Therefore, it would have been obvious to try, by one of ordinary skill in the art at the time of the invention, to perform said buying and selling energy with a plurality of end-users, wherein alternative energy sources for each end-user include other end-users, and to incorporate it into the system of Papalia, since there are a finite number of identified, predictable potential solutions (i.e., energy sources such as a grid and market participants including other end-users) to the recognized need of finding less costly energy sources, and one of ordinary skill in the art would have pursued the known potential solutions with a reasonable expectation of success.

Also, while Papalia teaches conducting energy trades in the open market, thereby suggesting placing information about available energy in a location accessible to potential energy purchasers, and negotiating the price and quantity of the energy with a potential energy purchaser, Papalia does not explicitly discloses specifics of said trades.

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Neirlich et al. (Neirlich) teaches a computer-implemented method and computer-readable medium having computer-readable instructions for implementing said method for optimizing energy usage at an end user site, wherein end-users can activate private energy generators for personal use when buying energy from energy providers is not feasible, and wherein the excess of said energy generated at the end-users premises can be sold to potential energy purchasers, and further wherein various specifics of open market trade are disclosed including placing information about available energy in a location accessible to potential energy purchasers; negotiating the price and quantity of the energy with a potential energy purchaser; said information containing a desired energy quantity and purchase price; determining whether to accept the offer, reject the offer or to submit a counter offer to the potential purchaser; and submitting a response to the potential energy purchaser, thereby consummating the transaction with the potential energy purchaser (Figs. 12, 13, 19-23; C. 2, L. 51-60; C. 4, L. 23-24; C. 8, L. 25-45; C. 9, L. 23-63; C. 10, L. 43-46; C. 11, L. 21-23; C. 16, L. 35-37).

It would have been obvious to one having ordinary skill in the art at the time the invention was made to modify Papalia to include specifics of conducting energy trades in the open market, as disclosed in Neirlich, because it would advantageously allow to enable monitoring, control, and analysis of load profiles and energy market prices that cover a large number of distributed end-users, as specifically stated in Neirlich (C. 17, L. 5-7). Furthermore, in this case, each of the elements of the cited references combined by the Examiner performs the same function when combined as it does in the prior art. Thus, such a combination would have yielded predictable results. See *Sakraida*, 425 U.S. at 282, 189 USPQ at 453. Therefore, Supreme Court Decision in *KSR International Co. v. Teleflex Inc.* (KSR, 82 USPQ2d at 1396) forecloses the argument that a specific teaching, suggestion, or motivation is required to support a finding of obviousness. See the recent Board decision *Ex arte Smith*, --USPQ2d--, slip op. at 20, (Bd. Pat. App. & Interf. June 25, 2007).

#### Dependent Claims

Claims 10-12, 26, 29 and 30, same reasoning as applied to claims 8 and 24.

Claim 10. Papalia teaches that said end-user energy policy is based on the lowest energy cost and the closest available time to a preferred time of the user C. 1, L. 66 - C. 2, L. 2; C. 2, L. 51-54);

Claims 11 and 26. Papalia teaches said method further comprising after said selection step, steps for implementing a pre-programmed operation of the particular appliance or application using energy from the selected energy option (running an air-conditioning unit) (C. 2, L. 46-48; C. 4, L. 63);

Claim 12. Papalia teaches that said implementing steps are automatically performed (Fig. 1, controlling circuit 110 including microcontroller 112).

Claims 15 and 29. Said method wherein said negotiating step comprises: receiving an offer from a potential purchaser to buy energy, said offer containing a desired energy quantity and purchase price; determining whether to accept the offer, reject the offer or to submit a counter offer to the potential purchaser; and submitting a response to the potential energy purchaser (same reasoning as applied to claim 8).

Claims 16 and 30. Said method further comprising when the selected alternative is the end-user the steps of: submitting an offer to purchase energy to the selected energy supplier; receiving a response to the energy purchase offer from the selected energy supplier; and consummating the transaction with the energy purchaser (Papalia teaches selecting the least costly energy alternative, and conducting the transaction) (C. 2, L. 46-48).

### ***Response to Arguments***

Applicant's arguments filed 12/12/2008 have been fully considered but they are not persuasive.



In response to applicant's argument that the prior art fails to disclose a step of selling any excess generated energy to other end-users, it is noted that participating an end-user in energy trading is a key factor in the success of Papalia's method. As discussed by Papalia, the end-user participates in buying from and selling energy to other alternative energy sources. This practice is well known in the business community and would follow in that it is not only one end-user participates in the method, but a plurality of end-users, which, is only way to make Papalia's method and system feasible. Therefore, it would have been obvious to try, by one of ordinary skill in the art at the time of the invention, to perform said buying and selling energy with a plurality of end-users, wherein alternative energy sources for each end-user include other end-users, and to incorporate it into the system of Papalia, since there are a finite number of identified, predictable potential solutions (i.e., energy sources such as a grid and market participants including other end-users) to the recognized need of finding less costly energy sources, and one of ordinary skill in the art would have pursued the known potential solutions with a reasonable expectation of success.

In response to applicant's argument that Neirlich fails to disclose that energy available from the end-user is generated energy, it is noted that Papalia teaches said feature (see a discussion above). To this end Examiner points out that applicant's arguments are directed against the references individually; but one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references. See *In re Keller*, 642 F.2d 413, 208 USPQ 871 (CCPA 1981); *In re Merck & Co.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986).

In response to applicant's argument that the prior art fails to disclose selling any excess generated energy to other end-users or to energy suppliers by placing information about available energy in a location accessible to potential energy purchasers, it is noted that Papalia teaches an open market environment wherein an excess of generated energy is sold back to the grid (C. 5, L. 22-26), thereby suggesting making available information regarding said generated energy to the market

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participants. Furthermore, Nierlich et al. discloses this feature in details (see a discussion above).

In response to applicant's argument that the prior art fails to disclose a system of negotiating energy prices between an end-user generating energy and an energy purchaser, it is noted that Papalia teaches an open market environment wherein an excess of generated energy is sold back to the grid (C. 5, L. 22-26). As per "negotiating" per se, Nierlich et al. was applied for this feature.

In response to applicant's argument that there is no suggestion to combine the references, the examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). In this case, both references disclose end energy users engaging in buying or selling energy generated on end-users' premises. The motivation to combine the references would be enabling monitoring, control, and analysis of load profiles and energy market prices that cover a large number of distributed end-users, as specifically stated in Nierlich (C. 17, L. 5-7). Furthermore, in this case, each of the elements of the cited references combined by the Examiner performs the same function when combined as it does in the prior art. Thus, such a combination would have yielded predictable results. See *Sakraida*, 425 U.S. at 282, 189 USPQ at 453. Therefore, Supreme Court Decision in *KSR International Co. v. Teleflex Inc.* (KSR, 82 USPQ2d at 1396) forecloses the argument that a specific teaching, suggestion, or motivation is required to support a finding of obviousness. See the recent Board decision *Ex parte Smith*, --USPQ2d--, slip op. at 20, (Bd. Pat. App. & Interf. June 25, 2007).

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The remaining applicant's arguments essentially repeat the arguments presented above; therefore, the responses presented by the examiner above are equally applicable to the remaining applicant's arguments.

### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Igor Borissov whose telephone number is 571-272-6801. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, John W. Hayes can be reached on 571-272-6708. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

/Igor N. Borissov/

Primary Examiner, Art Unit 3628

01/13/2009